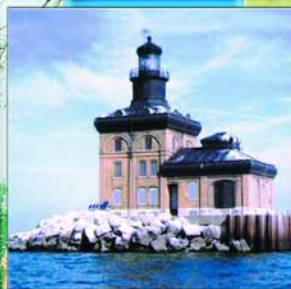


Popular Annual Financial Report



Issued by Larry A. Kaczala
Lucas County Auditor

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

LUCAS COUNTY,
OHIO

For the fiscal year ending
December 31, 2003



Nancy L. Zjella
President

Jeffrey L. Esser
Executive Director

"The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Lucas County, Ohio for its Popular Annual Financial Report for the fiscal year ended December 31, 2003. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports."

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA."

Cover photos: The Scarlet Tanager, courtesy of the Metroparks of the Toledo Area; Maumee Bay Resort, Toledo Lighthouse and The Toledo Museum of Art photos courtesy of the Greater Toledo Convention and Visitors Bureau; and the Zebra photo courtesy of The Toledo Zoo. Also pictured are the Lucas County Bicentennial Barn, Fifth Third Field and the Lucas County Courthouse.

Citizens of Lucas County:

I am pleased to present the Lucas County Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2004. The report provides a brief analysis of where County revenues come from and where those dollars are spent, as well as an overview of trends in the local economy. Above all, it is designed to present a more easily understandable financial report.

Information in this report has been taken from the 2004 Lucas County Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of more than 200 pages of detailed financial statements, notes, schedules and reports. The CAFR was audited by Ernst & Young, LLP, and received an unqualified opinion. (That's good!)

The Popular Annual Financial Report, which has been generated internally by the Lucas County Auditor's Office, summarizes the financial activities of the primary government of Lucas County. The reports and statements contained in the PAFR condense and simplify our 2004 Comprehensive Annual Financial Report for all Lucas County funds and account groups. The PAFR does not conform to Generally Accepted Accounting Principles (GAAP) and governmental reporting standards. (Means you can read it.)

The Popular Annual Financial Report of Lucas County is presented as a means of increasing public confidence in County government and its elected officials through easier, more user-friendly financial reporting. As you review our Popular Annual Financial Report, I invite you to share any questions, concerns or recommendations you may have.

Sincerely,

Larry A. Kaczala
Lucas County Auditor



The Lucas County Auditor's Office

STEWARDS OF PUBLIC FUNDS

General Accounting/Fiscal Officer
The Lucas County Auditor is the watchdog of County funds. As the County's chief financial officer, it is the Auditor's responsibility to:

- Account for the millions of dollars received by the County each year.
- Issue payments for all County obligations—including the distribution of tax dollars to the townships, villages, cities, school districts, libraries and other County agencies.
- Administer and distribute tax and license revenues including real estate taxes, personal property taxes, motor vehicle license fees, gasoline taxes, estate taxes, manufactured home taxes and local government funds.
- Administer the County payroll.
- Produce the County's annual financial report as required by law.

Weights and Measures

The Lucas County Auditor's office helps protect County residents and businesses by ensuring that all commercial weighing and measuring devices are accurate. Gas pumps, price scanners, and meat and produce scales are checked regularly. This year, the Auditor's office inspected 5,912 devices at 583 locations throughout the County.

Real Estate Taxes and Rates

The County Auditor cannot raise or lower property taxes. Tax rates are determined by the budgetary requests of each government unit, as authorized by the vote of the people. Rates are computed in strict accordance with procedures required by the Ohio Department of Taxation, Division of Tax Equalization. Each year, the Auditor prepares

the General Tax List. Your tax bill is based on the tax rate multiplied by your valuation on this tax list. This is your proportional share of the cost of operating your local government, including schools, townships, villages and the County.

Under Ohio law, the amount of taxation without a vote of the people is limited to 10 mills (\$10 per \$1,000 of assessed valuation). County residents must vote any additional real estate taxes for any purpose. Your "tax rate" is the total of all these levy and bond issues.

Real Estate Appraisal and Assessment

Lucas County has nearly 198,000 separate parcels of property. It is the job of the Auditor's office to ensure that every parcel of land and the buildings on it are fairly and uniformly assessed for tax purposes.

A general appraisal is conducted every six years and is updated every three years. The office maintains a detailed record of the appraisal of each parcel in the County. The records are open to the public. For taxation purposes, property owners are assessed at 35 percent of fair market value.

Mobile Home Assessment

The Auditor's office is also charged with assessing taxes on manufactured housing (mobile homes). Under Ohio law, mobile home owners must register their homes with the Auditor's office for tax purposes. The Auditor assesses each manufactured home annually and prepares a tax list. The manufactured home tax is distributed back to the local taxing districts (municipalities, townships and schools) in the same manner as real estate taxes.

Personal Property Tax

The Auditor's office also administers the state's tangible personal property tax laws. Generally speaking, anyone in business in Ohio is subject to tangible personal property tax on equipment, furniture, fixtures and inventory used in business. The tax is distributed back to the local tax districts like real estate taxes.

Licensing

Licenses for dogs, kennels, vendors and cigarettes are all issued by the Auditor's office. Lucas County annually issues approximately 63,000 dog licenses. Vendor licenses authorize businesses to sell tangible property to the public and collect sales tax, a part of which is returned for use on the local level.



L U C A S
C O U N T Y
F A M I L Y
A L B U M



The Toledo Museum of Art proudly hosts one of the top art collections in the United States. The new Glass Pavilion, which is slated to open in 2006, will house the Museum's extensive glass collection, which contains over 5,000 pieces of the finest glass from around the world, with pieces ranging from ancient to contemporary times.



Photos courtesy of The Toledo Museum of Art

A BRIEF HISTORY OF LUCAS COUNTY

The County was formed by an Act of the Ohio General Assembly on June 20, 1835, in honor of Robert Lucas, then Governor of Ohio. The elected three-member Board of County Commissioners acts as both the legislative and executive branch of the County. Each Commissioner serves a term of four years. In addition to the County Auditor, who serves as chief fiscal officer, there are seven elected administrative officials who operate independently as set forth by Ohio law. These officials are: Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Recorder, Sheriff and Treasurer. All of these officials serve four-year terms.

Lucas County is in the center of a trade area comprised of 14 counties in northwestern Ohio and southeastern Michigan with a total population of approximately 1.25 million people. Located in the central portion of a triangle formed by the cities of Chicago, Detroit and Cleveland, the County is in the Toledo Metropolitan Statistical Area (MSA). The Toledo MSA is the 62nd largest of the 284 MSAs and Consolidated Metropolitan Statistical Areas (CMSAs) in the United States.

Its strategic location, strong manufacturing base and skilled workforce helped Lucas County prosper in 2004.

Among the largest service sector employers in the Toledo MSA are public higher educational institutions, health care providers, government, public utilities, freight and transportation companies, financial institutions and retailers.

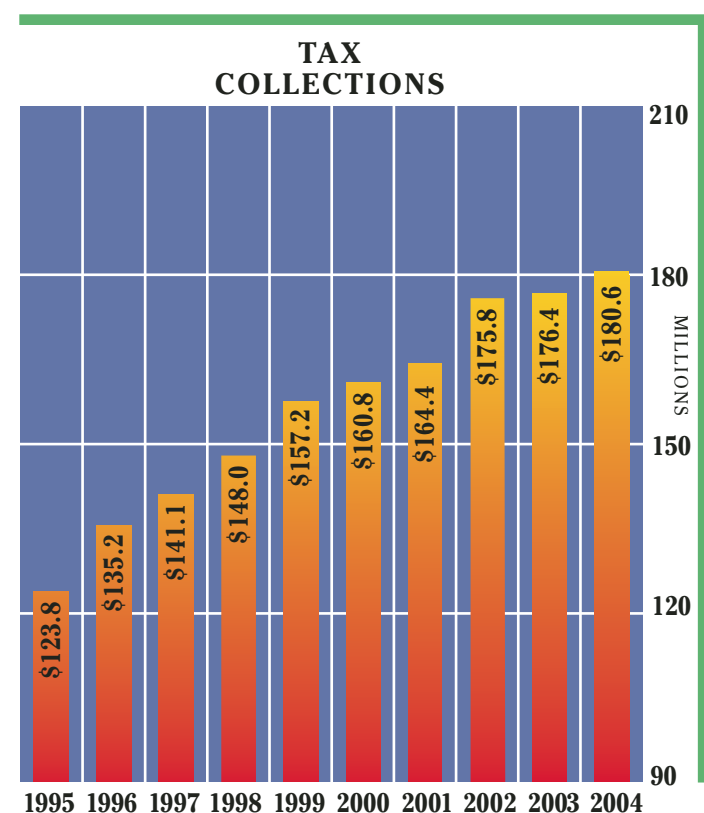
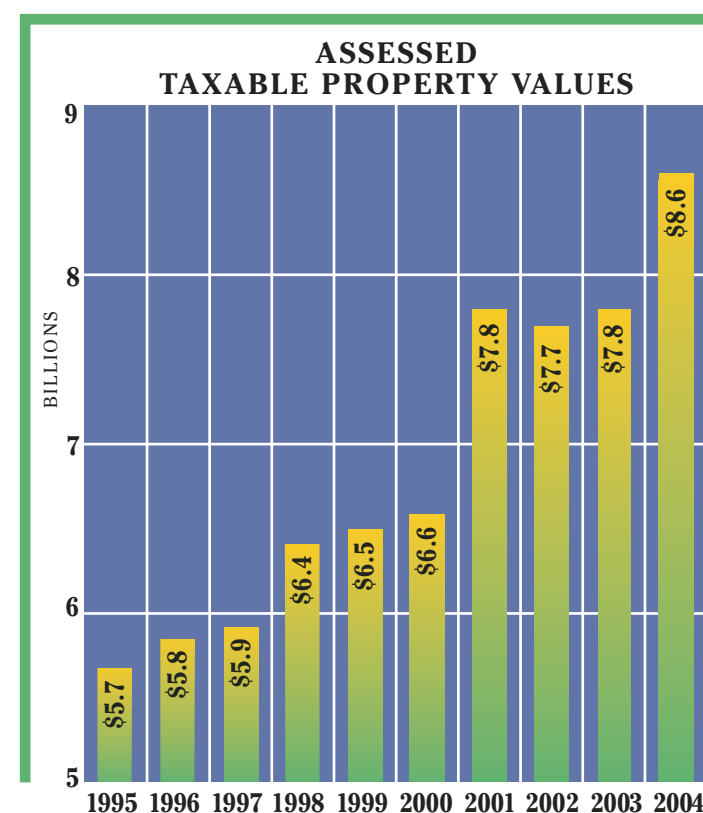
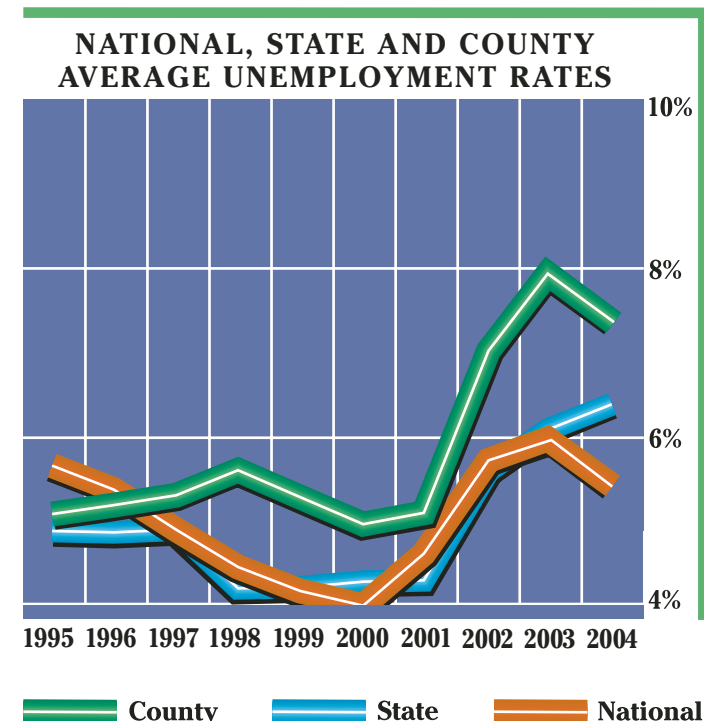
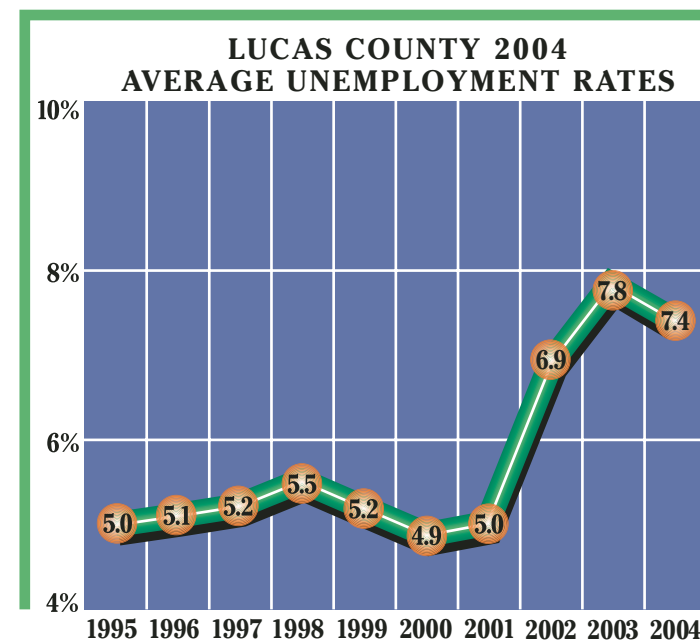
Unemployment

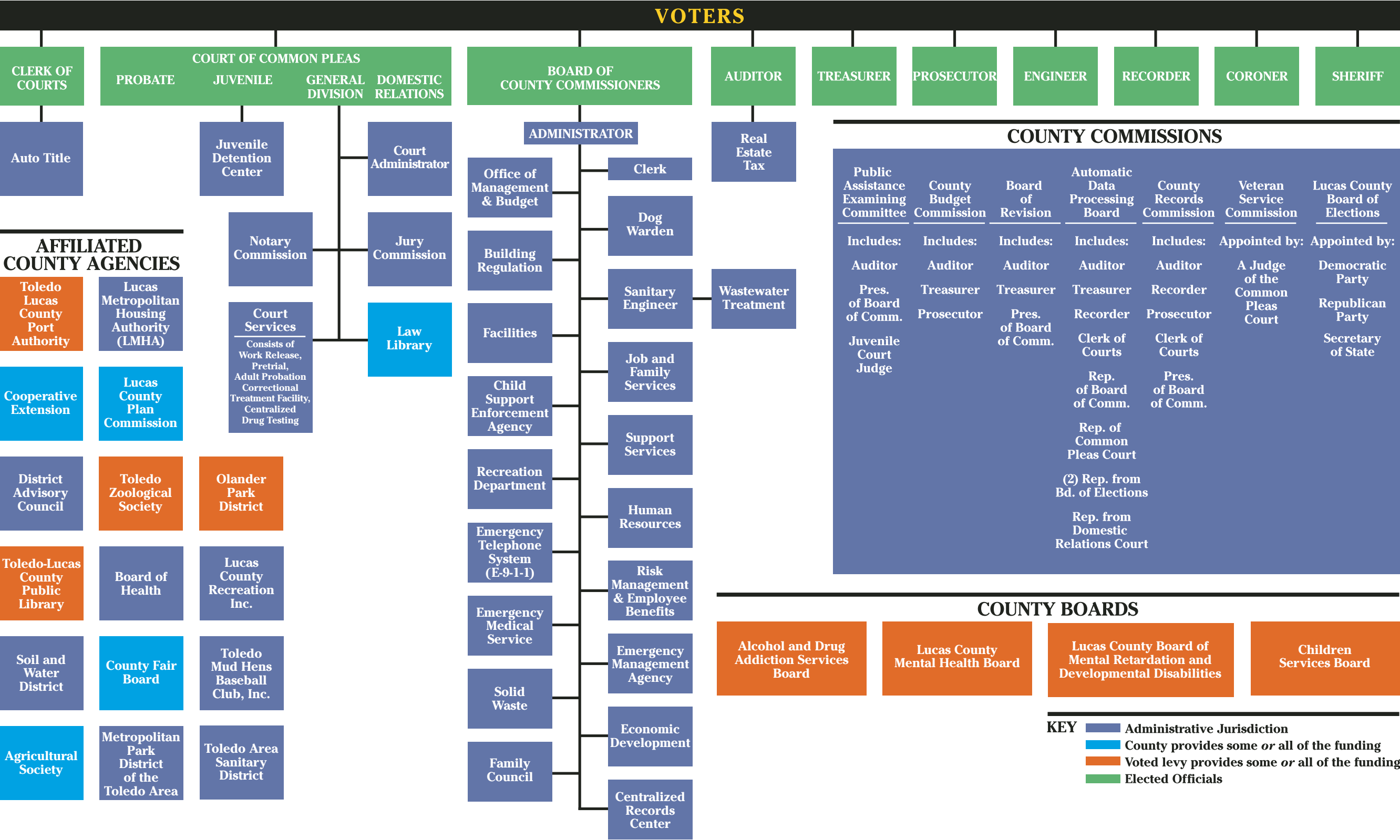
The County's unemployment rate for 2004 was 7.4 percent, which is lower (0.4%) than a year ago. The decrease in unemployment in Lucas County mirrored state-wide and nation-wide trends. County unemployment is somewhat higher than the statewide rate of 6.1 percent, and the national rate of 5.5 percent.

The area's workforce is also one of the most productive in the state and nation. Toledo leads Ohio MSAs in Manufacturing Productivity and placed in the top third of all MSAs nationwide.

A Strong Economy

Along with a strong manufacturing base that includes the DaimlerChrysler Jeep plants, Lucas County is home to three 2004 Fortune 500 corporations. Corporate headquarters for Owens Corning, Dana Corporation and Owens-Illinois are located here. The County is also one of the largest oil refining centers between Chicago and the eastern seaboard with BP Amoco Toledo Refinery and Sunoco MidAmerica Marketing and Refining. Another indicator of the strong economy is the increase in property values and tax collections. Property values have increased by 50.8 percent and tax collections have increased by 45.9 percent over the last 10 years.





Major County Initiatives



Current Year Projects

Lucas County continues to promote economic development throughout the area. Lucas County officials and management continue to work closely with state and local governments, corporations, companies, small businesses, labor unions and charitable organizations to improve and expand business opportunities and the standard of living. The following are highlights of some of the activities Lucas County is concerned with:

- The County is expanding the existing 15 million gallon per day Maumee River Wastewater Treatment plant to a 22.5 million gallon a day facility. This expansion will accommodate the existing demand and future growth in Western Lucas County through 2025. The projected cost is \$15.5 million.
- Implementation of the first phase of the County's integrated new Human Resources/Payroll Procurement/Accounts Payable, and General Ledger Accounting System was completed. The Human Resources/Payroll system was placed into service in April, 2003. The County continues to

implement new modules to take full advantage of the management tools available.

- The State of Ohio designated Lucas County as a local Area for purposes of the Workforce Investment Act of 1998, which

prompted the proposed establishment of a One Stop location for the convenience of business and the job seeker. The new One Stop location called "The Source" was dedicated in the Summer of 2004. In this center, community partners will be located to provide career services to assist employers in finding qualified individuals for employment. The center will

also assist individuals in obtaining training to meet demand occupation skills.

- Lucas County joined with the Toledo/Lucas County Port Authority, the Regional Growth Partnership, the City of Toledo and Manitowoc to develop a "High Bay Facility" at the Toledo Shipyard. This proposed ship building facility would be used by Manitowoc to develop ships for the US Coast Guard starting in 2004.
- Lucas County has loaned \$500 thousand to the Toledo Lucas County Port Authority to assist in the development of a coking and electric generation facility along the east side of the Maumee River in Lucas County. The application process is complete, and the EPA has approved necessary permits. During Phase 1 of this project this facility will generate 200 high paying jobs in Lucas County.

Future Projects

The County will continue to provide a variety of services required to meet the needs of its citizens and actively support economic development in the area. We look forward to the following significant activities made possible by the citizens of Lucas County and its government:

- The County Commissioners are evaluating future renovation plans for the County jail. The County is working with the City of Toledo, exploring the potential savings of a joint Municipal Court/County jail building.
- Lucas County and political sub divisions within the County are working together to develop a new 800 MHZ emergency communication system. The new system will allow first responders from all across the County to communicate to meet public safety needs.

- The County is exploring merged economic development with the City of Toledo and the suburban communities to improve service to companies seeking to locate their business in Lucas County.
- Lucas County is working to expand the availability of water in western Lucas County along the border of the current water system.
- The Board of Elections will be working closely with the State of Ohio to implement the Federal Help America Vote Act. The new electronic election system is a touch screen system with a paper audit trail that was approved by the Secretary of State. The new system at an estimated cost of \$7 million is expected to be in place for the 2006 Gubernatorial Election with a significant portion of the cost to come from federal funds.
- The Board of County Commissioners has approved \$1.5 million in the Capital Improvement Plan to renovate and reconstruct the secured underground parking and tunnel between the Lucas County Corrections Center and the Lucas County Courthouse. The tunnel is used in the transportation of prisoners from the Correction Center to trial in the Common Pleas Court. This was substantially completed in May 2005.



The Toledo Mud Hens, Toledo's own Minor League baseball team, has proven to be a favorite pass time of all ages. The Mud Hens, named by Newsweek Magazine as the best minor league park, continue to impress by adding the largest video board in Minor League Baseball, which should be operational by the end of June 2005.



Financial Activity Statement

SUMMARY

The Financial Activity Statement, known in accounting terms as the "Income Statement," provides a record of the money received and spent during the year. Explanations of specific Resources and Services are provided on the following pages.

LUCAS COUNTY FINANCIAL ACTIVITY STATEMENT

Resources Received	2004	2003
Taxes	\$184,632,000	\$180,161,000
Charges for Services	41,414,000	39,186,000
Intergovernmental Revenue	203,560,000	191,153,000
Investment Income	3,171,000	5,906,000
Miscellaneous	26,419,000	38,102,000
Total Resources Received	\$459,196,000	\$454,508,000
Services Rendered		
Legislative & Executive	\$44,370,000	\$41,924,000
Judicial	55,222,000	54,861,000
Public Safety	64,095,000	59,439,000
Public Works	36,273,000	35,167,000
Health	100,803,000	89,542,000
Human Services	108,666,000	119,365,000
Conservation & Recreation	6,766,000	8,950,000
Miscellaneous	13,215,000	11,112,000
Interest and Fiscal Charges	5,269,000	5,840,000
Business-Type Activities	16,479,000	14,821,000
Total Services Rendered	\$451,158,000	\$441,021,000
Resources Received over Services Rendered	\$8,038,000	\$13,487,000

Resources

Resources Received are monies the County receives from a variety of sources in order to pay for the services it provides.

Taxes are resources that include sales tax, real estate tax, personal property tax and a variety of other smaller taxes.

Charges for Services are resources from various County departments and agencies for fees paid to them by the public, such as court costs and fees for recording deeds and transferring property.

Intergovernmental Revenue is grants or reimbursements to the County from other governmental agencies.

Investment Income is interest earned, realized gains and unrealized gains on County investments.

Miscellaneous Resources received are non-revenue receipts that cannot be classified in any other category.

Services Rendered

Services Rendered are the funds spent to provide services to citizens.

Legislative and Executive expenditures are the expenses incurred for administrative offices including the Auditor, Commissioners, Prosecutor, Recorder and Treasurer.

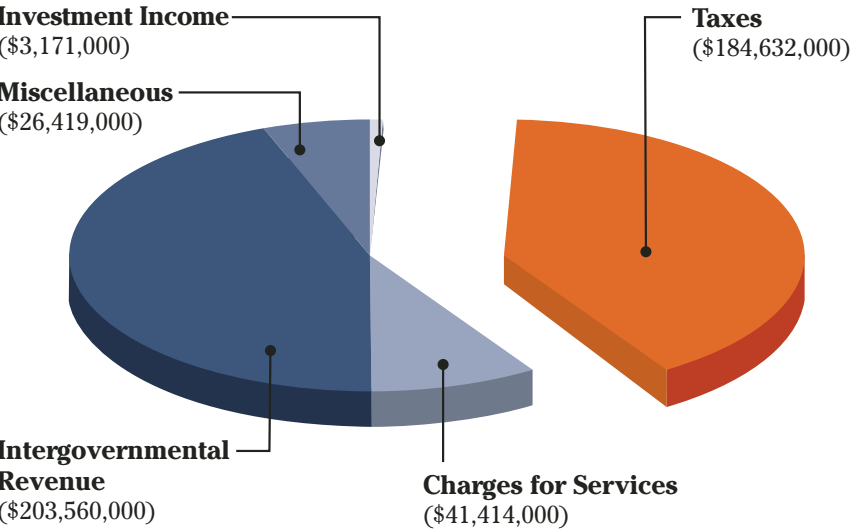
Judicial expenditures are the costs of administering justice through the Lucas County Courts, which include the Courts of Common Pleas, Juvenile and Domestic Relations.

Public Safety expenditures are the costs of the Coroner, Probation and Sheriff Departments.

Public Works expenditures are the costs incurred to maintain County roads and bridges.

Health Expenditures include services provided by the Board of Mental Retardation/Developmental Disabilities

RESOURCES RECEIVED



and the Lucas County Mental Health Board to maintain public health.

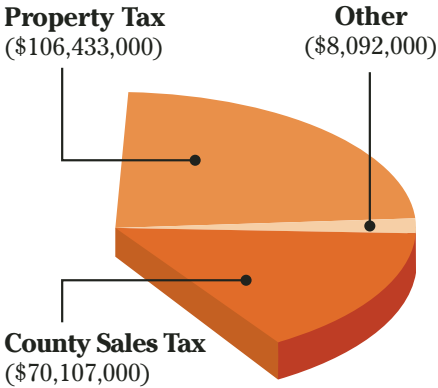
Human Services expenses are the costs of the Job and Family Services Department and Children Services Board.

Conservation and Recreation expenditures are the costs to maintain the County parks and for preserving County lands, including litter prevention.

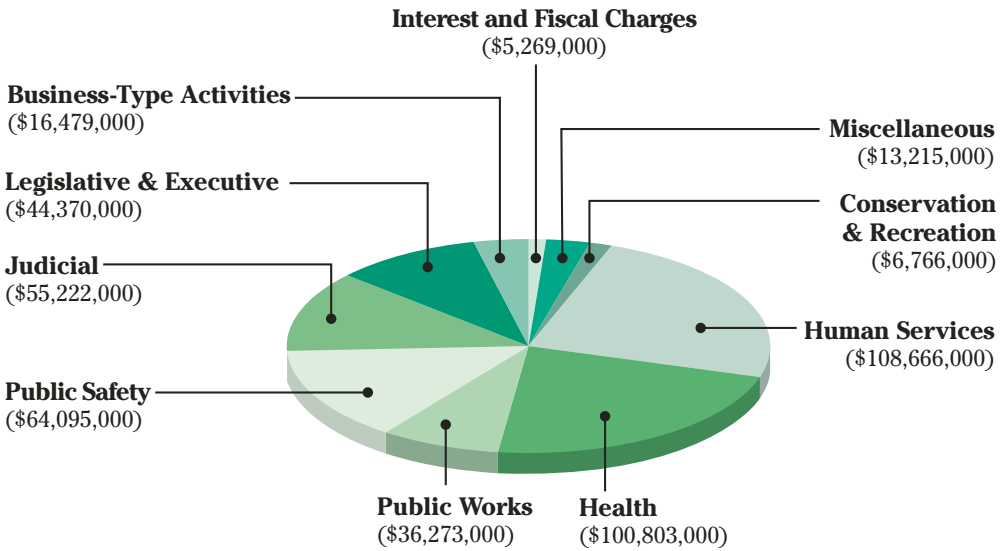
Business-type activities are services that are self-supporting through user charges. These include the Water Supply System, the Wastewater Treatment System and the Sewer System.

Resources Received over Services Rendered decreased by approximately \$5.4 million. This is due to a decrease in miscellaneous and investment income, accompanied by an increase in expenditures in nearly every category.

DETAILS OF TAX REVENUES



SERVICES RENDERED




Financial Position Statement

SUMMARY

The Financial Position Statement, known in accounting terms as the "Balance Sheet," provides a picture of the County's Financial Position at the end of the year. Explanations of specific accounts follows:

LUCAS COUNTY FINANCIAL POSITION STATEMENT		
Financial Benefits	2004	2003
Cash	\$29,916,000	\$20,630,000
Investments	189,970,000	195,730,000
Receivables	180,185,000	170,272,000
Property & Equipment	365,343,000	366,100,000
Other Assets	518,000	798,000
Total Financial Benefits	\$765,932,000	\$753,530,000
Financial Burdens		
Amounts Owed to Employees and Vendors	\$39,140,000	\$34,857,000
Short Term Debt	8,430,000	10,415,000
Long Term Debt	111,608,000	106,559,000
Other Financial Burdens	25,814,000	28,797,000
Total Financial Burdens	\$184,992,000	\$180,628,000
Total Financial Benefits over Financial Burdens	\$580,940,000	\$572,902,000
<i>Readers of the Financial Position Statement and the Financial Activity Statement should keep in mind that these statements are presented on a non-GAAP basis, and those desiring to review GAAP basis reports would refer to the County's Comprehensive Annual Financial Report for 2004. Copies of the CAFR may be obtained from the Lucas County Auditor's office.</i>		

 **Warning:** The following information may be hazardous to non-accountants! Non-GAAP means that the statements do not comply with generally accepted accounting principles. The statements include summarizations and combinations of accounting data that would not be allowed by GAAP.

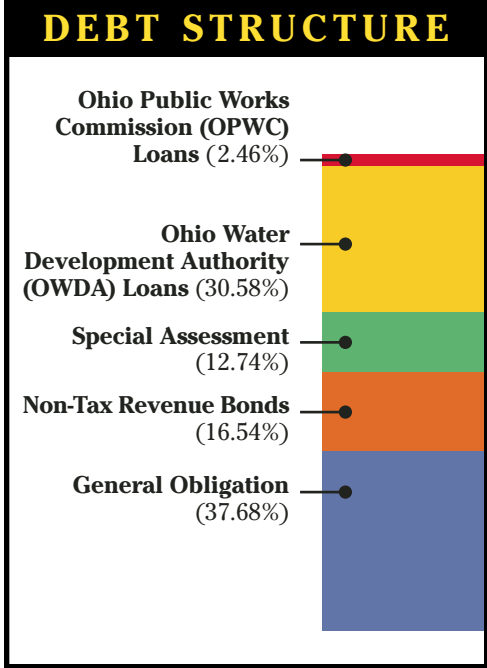
Benefits

Cash is the amount of physical cash held by the County in checking accounts and on-hand to pay expenses.

Investments are funds not needed to pay current expenses that the Treasurer invests in a variety of securities such as U.S. Treasury Notes and U.S. Treasury Bills. This allows the County to earn interest on its surplus cash.

Receivables are amounts owed to the County which are expected to be paid over the next 12 months. This would include real estate taxes and special assessments.

Property and Equipment represents the water and sewer plants, infrastructure, land, buildings, vehicles, furniture and equipment that provide an economic benefit of greater than one year.



Burdens

Amounts Owed to Employees and Vendors are funds the County owes individuals and companies who supply goods or services and the expected payment is to be made within 12 months.

Short Term Debt represents amounts borrowed by the County that must be repaid within one year.

Long Term Debt represents the amount of bonds and loans the County has issued and still owes. Bonds do not have to be paid off in one year. The County makes yearly debt payments on these amounts.

LUCAS COUNTY 2004 SUMMARY OF DEBT OBLIGATIONS				
	Balance at 1/01/04	Additions	Deletions	Balance at 12/31/04
General Obligation	\$50,500,000	\$ -	\$8,440,000	\$42,060,000
Special Assessment	13,440,000	1,545,000	769,000	14,216,000
Non-Tax Revenue Bonds	19,005,000	-	550,000	18,455,000
OWDA Loans	20,608,000	15,457,000	1,936,000	34,129,000
OPWC Loans	3,006,000	218,000	476,000	2,748,000
Total	\$106,559,000	\$17,220,000	\$12,171,000	\$111,608,000

BENEFITS OVER BURDENS

Differences

This amount represents the difference between the financial benefits of the County and the burdens that it must pay. The amount provides the net worth of the County.

Lucas County Elected Officials

– as of December 31, 2004

ADMINISTRATORS

Larry A. Kaczala
Auditor

Bernie Quilter
Clerk of Courts

James R. Patrick, M.D.
Coroner

Harry Barlos
Commissioner (president)

Maggie Thurber
Commissioner

Tina Skeldon Wozniak
Commissioner

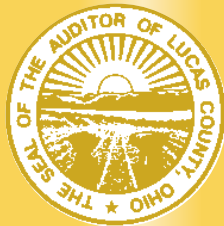
Keith Earley
Engineer

Julia R. Bates
Prosecutor

Sue J. Rioux
Recorder

James A. Telb
Sheriff

Robert Reinbolt
Treasurer (interim)



Larry A. Kaczala
Lucas County Auditor
One Government Center
Suite 600
Toledo, Ohio 43604-2255
(419)213-4340

JUDGES

James D. Bates
Common Pleas Court

J. Ronald Bowman
Common Pleas Court

Robert G. Christiansen
Common Pleas Court

Charles J. Doneghy
Common Pleas Court

Patrick J. Foley
Common Pleas Court

Ruth Ann Franks
Common Pleas Court

James D. Jensen
Common Pleas Court

Frederick H. McDonald
Common Pleas Court

William J. Skow
Common Pleas Court

Charles S. Wittenberg
Common Pleas Court

David E. Lewandowski
Domestic Relations Court

Norman G. Zimmelman
Domestic Relations Court

James A. Ray
Juvenile Court

Lynn Schaefer
Juvenile Court

Jack R. Puffenberger
Probate Court

Peter M. Handwork
Sixth District Court of Appeals

Richard W. Knepper
Sixth District Court of Appeals

Judith A. Lanzinger
Sixth District Court of Appeals

Mark L. Pietrykowski
Sixth District Court of Appeals

Arlene Singer
Sixth District Court of Appeals